

**NOTICE OF TITLE V AIR QUALITY PERMIT
RESPONSE TO EPA OBJECTION
DRAFT REVISIONS**

On January 22, 2009, EPA Region VIII objected to the proposed Title V air quality permit for Otter Tail Power Company's Big Stone I facility.

APPLICANT NAME: Otter Tail Power Company

FACILITY LOCATION: 48450 144th Street
Big Stone City, South Dakota

Otter Tail Power Company owns and operates a coal fired power plant near Big Stone City, South Dakota, at the above address. On November 20, 2008, Otter Tail Power Company was issued a Prevention of Significant Deterioration permit to install a maximum 600 megawatt net output base load super critical pulverized coal fired power plant (Big Stone II).

The proposed Title V air quality permit is for the continued operation of the Big Stone I facility and contained enforceable permit conditions that allowed Otter Tail Power Company's proposed Big Stone II facility to forgo a Prevention of Significant Deterioration (PSD) air quality permit for sulfur dioxide and nitrogen oxide and to forgo a Case-by-Case maximum achievable control technology review for hazardous air pollutants. Generally, EPA Region VIII objected on the following three areas:

- 1) Failure to include applicable requirements from the Prevention of Significant Deterioration (PSD) air quality preconstruction permit and New Source Performance Standards (NSPS) for the proposed Big Stone II project in the proposed Title V air quality permit;
- 2) A lack of a proper PSD applicability analysis for sulfur dioxide and nitrogen oxide; and
- 3) Inadequate compliance provisions for sulfur dioxide and nitrogen oxide emissions to avoid a PSD review and for hazardous air pollutants emissions to avoid a Case-by-Case maximum achievable control technology review for the Big Stone II project in the proposed Title V air quality permit. EPA also recommended that the amendment to the hazardous air pollutant provisions in chapter 11 of the proposed Title V permit be noticed for public comment.

DENR drafted revisions to the proposed Title V air quality permit in response to EPA's objection to ensure compliance with SDCL 34A-1 and the federal Clean Air Act. DENR is recommending revisions to the following specific permit conditions:

- Re-noticing permit condition 11.1, 11.2, 11.3, 11.4, 11.6, 11.7, and 11.9;
- Revisions to permit conditions 5.5, 5.9, 7.11, 7.12, 8.4, 9.2, 9.5, 9.8, and 11.5;
- Addition of permit condition 5.12, 9.3, 9.6, 9.9, 9.10, and 11.8; and
- Addition of Chapter 12.0, 13.0, 14.0, 15.0, and 16.0.

The public notice of these permit revisions will begin on February 11, 2009 and will end at 5:00 PM, Central Time, on March 13, 2009. DENR must receive all comments by 5:00 PM, Central Time, on March 13, 2009, to be considered. Comments may be directed to the following mailing address: PMB 2020; Department of Environment and Natural Resources; Division of

Environmental Services; Air Quality Program; 523 East Capitol, Joe Foss Building; Pierre, South Dakota 57501. DENR will consider all comments submitted and issue a final permit decision pursuant to ARSD 74:36:05:18. DENR will notify the applicant and each person that submitted written comments or requested notice of DENR's final permit decision, including notification of any changes to the permit based on the comments.

Copies of EPA'S objection letter and DENR'S statement of basis, which includes the permit revisions, are available on DENR's website at <http://www.state.sd.us/denr/DES/AirQuality/aapubnot.htm>, and are available at the address below or at the following Regional Office: Department of Environment and Natural Resources (Watertown Office), 913 5th Street SE, Watertown, South Dakota 57201-5134. In addition, a copy of these documents may be obtained by contacting Kyril Rombough, Natural Resources Engineering Director, at the address below or telephone at (605) 773-3151.

Due to the procedural status of this matter, a contested case hearing before the Board of Minerals and Environment is being scheduled on or about April 20, 2009 regarding these permit revisions. Any person desiring to contest the issuance of these permit revisions and participate in the contested case hearing must file a petition, which complies with ARSD 74:09:01:01 or 74:09:01:04. This petition must be filed either by March 13, 2009 or within thirty days of this public notice or, if that person submits comments on DENR's draft permit pursuant to the paragraph above, within thirty days of receiving notice of DENR's final permit decision. Notice of the specific date and time of the hearing will be issued at the close of the public notice period.

A handwritten signature in black ink, appearing to read 'S. Pirner', with a stylized flourish at the end.

Steven M. Pirner, Secretary

Department of Environment and Natural Resources